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DIAL CONTRACTS LIMITED

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1994



# 27 - 10 - 95

## DIAL CONTRACTS LIMITED

### REPORT OF THE DIRECTORS (Company Registration Number: 707749)

The Directors present their report and the audited financial statements for the year ended 31 December 1994.

### ACTIVITIES

The principal activity of the company is the provision of vehicle management services including vehicle acquisition, contract hire, leasing and fleet management and this is likely to remain so for the foreseeable future.

### RESULTS FOR THE YEAR

The company's profit for the year from ordinary activities after taxation amounted to £6,882,000 (1993: £10,733,000) and has been transferred to reserves. The Directors recommend that no dividend be declared for the year.

### FIXED ASSETS

Significant changes in fixed assets are set out in notes 7, 8 and 9 to the financial statements.

### DIRECTORS

The Directors of the company during the year were:

JE Yardley	Chairman
CR Brightwell	(Resigned 18 January 1994)
SA Bullard	
SW Clarke	
PJ Dunkley	
IMR Goswell	
JN Lewis	
MR Porter	

RM Bromage was appointed on 1 January 1995.

### POLICY ON DISABLED EMPLOYMENT

The company continues to take steps to increase employment opportunities for disabled people. Should existing employees become disabled, every help is given to ensure their continued employment wherever possible.

### EMPLOYMENT POLICY

The company maintains policies aimed at informing employees of, and involving them in, matters relating to the company's activities and performance, as appropriate to their employment.

Participation in the Barclays PLC profit sharing scheme is also open to all eligible employees.

**DIAL CONTRACTS LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the year and their beneficial interests in relevant shares or debentures as disclosed by the register kept under the provision of Section 325 of the Companies Act 1985 are listed below, except where they were also Directors of the company's immediate holding company:

	Ordinary Stock Units of £1 each in Barclays PLC	
	At 31 December 1994	At 1 January 1994 or date of appointment if later
SA Bullard	275	—
SW Clarke	4,576	4,226
IMR Goswell	—	—
MR Porter	250	—

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the Auditors' report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 15, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all the accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud or other irregularities.

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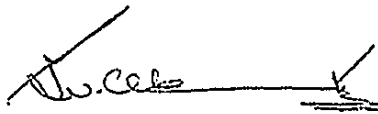
DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Price Waterhouse as Auditors of the company will be put to the Annual General Meeting.

By Order of the Board



SW Clarke  
Secretary

3 March 1995

Dial House  
Burston Road  
London  
SW15 6SD

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## AUDITORS' REPORT TO THE MEMBERS OF DIAL CONTRACTS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### Respective responsibilities of Directors and Auditors

As described on page 2 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

3 March 1995

**DIAL CONTRACTS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31 DECEMBER 1994**

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
Turnover	2	118,056	107,735
Cost of sales		<u>(71,066)</u>	<u>(64,102)</u>
Gross profit		46,990	43,633
Net operating expenses	3	<u>(17,910)</u>	<u>(14,373)</u>
Operating profit		29,080	29,260
Profit on sale of subsidiary undertaking	8	—	4,975
Profit on ordinary activities before interest		29,080	34,235
Interest payable	4 (1)	<u>(18,334)</u>	<u>(20,644)</u>
Profit on ordinary activities before taxation	4 (2)	10,746	13,591
Tax on profit on ordinary activities	6 (1)	<u>(3,864)</u>	<u>(2,858)</u>
Profit on ordinary activities after taxation transferred to reserves	13	<u>6,882</u>	<u>10,733</u>

Turnover, cost of sales and net operating expenses relate exclusively to continuing operations.

The retained profit is equal to the recognised gain.

**DIAL CONTRACTS LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1994**

	Notes	1994 £'000	1993 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	1,586	1,409
Investments in group undertakings	8	6	6
Operating lease assets	9	243,088	203,974
		244,680	205,389
<b>CURRENT ASSETS</b>			
Debtors	10	147,077	119,768
Cash at bank and in hand		95	95
		147,172	119,863
<b>CREDITORS: Amounts falling due within one year</b>	11	<b>(304,729)</b>	<b>(252,068)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(157,557)</b>	<b>(132,205)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>87,123</b>	<b>73,184</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	<b>(10,500)</b>	<b>(9,000)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	6(2)	<b>(10,159)</b>	<b>(9,420)</b>
<b>ACCRUALS AND DEFERRED INCOME</b>	12	<b>(35,156)</b>	<b>(30,338)</b>
<b>NET ASSETS</b>		<b>31,308</b>	<b>24,426</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital – 222,222 authorised, allotted and fully paid ordinary £1 shares	13	222	222
Share premium account	13	4,403	4,403
Profit and loss account	13	26,683	19,801
<b>SHAREHOLDERS' FUNDS</b>	14	<b>31,308</b>	<b>24,426</b>

Approved by the Board on  
3 March 1995

  
JE Yardley CHAIRMAN

## DIAL CONTRACTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994

#### 1 ACCOUNTING POLICIES

##### (1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### (2) Income recognition

The profit and loss account is credited with income from:

- a Operating leases and hire purchase agreements, apportioning income evenly over the period of the leases.
- b Finance leases, in proportion to the net cash investment.
- c Other operating income, on an accruals basis.

##### (3) Depreciation

Depreciation is provided as follows:

- a Operating lease assets – over expected useful lives to estimated residual values.
- b Plant, equipment and office furniture – 20% per annum on cost.
- c Computer equipment – 20% per annum on cost.
- d Company motor vehicles – 30% per annum on reducing balance basis.

##### (4) Manufacturers' discounts receivable

Discounts receivable from manufacturers on the purchase of motor vehicles are deducted from the cost of acquisition of the vehicles.

##### (5) Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on the timing differences which exist between the treatment of certain items for accounts purposes and their treatment for taxation purposes except where, in the opinion of the Directors, no liability to taxation is expected to arise in the foreseeable future.



**DIAL CONTRACTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)**

**1 ACCOUNTING POLICIES (CONTINUED)**

**(6) Deferred maintenance income**

In the case of hire contracts inclusive of vehicle maintenance, part of the rental charged to customers is in respect of maintenance costs to be incurred during the contract period. The excess of maintenance rental charged to date over expenditure incurred to date, is carried forward to the subsequent accounting periods to offset the increased maintenance costs likely to arise in the remainder of the contract period. Any excess of maintenance costs incurred on a vehicle at 31 December over the estimate of costs to be incurred by that date is written off.

**(7) Pension costs**

In arriving at the profit before taxation the costs of providing pensions are assessed and charged on a regular basis in accordance with the advice of independent professionally qualified actuaries.

**(8) Cash flow statement**

The company's ultimate holding company has included a cash flow statement in its accounts for the year ended 31 December 1994. As the company is a wholly owned subsidiary it has not prepared a cash flow statement in accordance with Financial Reporting Standard 1.

**(9) Accounting for subsidiary undertakings**

The company's ultimate holding company has prepared consolidated financial statements for the year ended 31 December 1994. As the company is a wholly owned subsidiary it has not prepared consolidated financial statements in accordance with Financial Reporting Standard 2.

**2 TURNOVER**

Turnover represents the total of the gross earnings for the year on finance leases in accordance with the policy Note 1(2) and rentals receivable from operating leases after deduction of the maintenance element of rentals in accordance with the policy in Note 1(6). The total rentals receivable from operating leases amounted to £87,361,000 (1993 - £83,294,000). The sole market supplied was the United Kingdom.

**3 NET OPERATING EXPENSES**

	1994	1993
	£'000	£'000
Distribution costs	3,155	3,260
Administrative expenses	15,500	11,827
Other operating income	(745)	(714)
	17,910	14,373

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)

		<u>1994</u>	<u>1993</u>
		£'000	£'000
4	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
	This is arrived at after charging:		
(1)	<u>Interest</u>		
	Interest payable on amounts due to group undertakings	18,334	20,644
		<u>          </u>	<u>          </u>
(2)	<u>Other charges</u>		
	Depreciation of operating lease assets	62,434	56,341
	Depreciation of tangible fixed assets	<u>561</u>	<u>666</u>
		62,995	57,007
		<u>          </u>	<u>          </u>
	Auditors' remuneration:		
	Audit fees including expenses	48	48
	Non audit fees	<u>9</u>	<u>—</u>
		57	48
		<u>          </u>	<u>          </u>
	Staff costs:		
	Wages and salaries	6,803	6,168
	Social security costs	664	556
	Other pension costs	<u>535</u>	<u>418</u>
		8,002	7,142
		<u>          </u>	<u>          </u>
		<u>Number</u>	<u>Number</u>
	Average number of employees	306	294
		<u>          </u>	<u>          </u>

**DIAL CONTRACTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)**

**5 DIRECTORS' EMOLUMENTS**

	1994 £'000	1993 £'000
Salaries including pension contributions	699	580
Compensation for loss of office	£41,825	-
Analysis of Directors' emoluments (excluding pension fund contributions):		
Chairman and highest paid Director	£159,357	£141,389
Other Directors within the range:	1994 Number	1993 Number
£Nil - £5,000	1	1
£5,001 - £10,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	2
£85,001 - £90,000	-	1
£90,001 - £95,000	1	-
£100,001 - 105,000	1	-

**6 TAXATION**

(1) Taxation is based on UK Corporation Tax at a rate of 33 % (1993 - 33%).

	1994 £'000	1993 £'000
The charge/(credit) in the profit and loss account represents:		
Corporation tax	1,495	(4,231)
Adjustment in respect of prior years	1,630	-
Transfer to deferred taxation	3,125	(4,231)
	739	7,089
	3,864	2,858

## DIAL CONTRACTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)

#### 6 TAXATION (CONTINUED)

##### (2) Deferred taxation:

	1994 £'000	1993 £'000
At 1 January 1994	9,420	2,331
Transfer from profit and loss account	739	7,089
At 31 December 1994	10,159	9,420
 Analysis of timing differences:		
Accelerated tax depreciation	13,714	12,429
Less other timing differences	(3,555)	(3,009)
	10,159	9,420

As at 31 December 1994 and 1993 there were no unrecognised deferred tax timing differences.

#### 7 TANGIBLE FIXED ASSETS

	Plant, equipment & office furniture £'000	Company motor vehicles £'000	Total £'000
<u>Cost</u>			
At 1 January 1994	4,383	769	5,152
Additions during year	1,010	99	1,109
Disposals during year	(53)	(591)	(644)
At 31 December 1994	5,340	277	5,617
<u>Depreciation</u>			
At 1 January 1994	3,503	240	3,743
Charge for year	488	73	561
Eliminated in respect of disposals	(53)	(220)	(273)
At 31 December 1994	3,938	93	4,031
<u>Net Book Value</u>			
At 31 December 1994	1,402	184	1,586
At 31 December 1993	880	529	1,409

**DIAL CONTRACTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)**

**8 INVESTMENTS IN GROUP UNDERTAKINGS**

	<u>1994</u> £'000	<u>1993</u> £'000
Shares at cost	6	6

In 1993 the company sold its investment in Camden Motors Limited which generated a profit on disposal of £4,975,000. The company considered that there was no liability to taxation because the subsidiary was acquired by Dial Holdings Limited, the immediate holding company of Dial Contracts Limited.

At 31 December the company held directly the entire share capital of Network Vehicles Limited and Barclays Vehicle Management Services Limited, both of which are registered in England.

Group accounts are not presented since the company is a wholly owned subsidiary of another company incorporated in Great Britain.

In the opinion of the Directors the value of the company's interests in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

**9 OPERATING LEASE ASSETS**

<u>Costs</u>	<u>£'000</u>
At 1 January 1994	298,917
Additions	143,606
Disposals	<u>(99,382)</u>
At 31 December 1994	348,141
 <u>Depreciation</u>	
At 1 January 1994	94,943
Charge for year	62,434
Eliminated in respect of disposals	<u>(5,324)</u>
At 31 December 1994	105,053
 <u>Net book value</u>	
At 31 December 1994	<u>243,088</u>
At 31 December 1993	<u>203,974</u>

**DIAL CONTRACTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)**

**10 DEBTORS**

	1994 £'000	1993 £'000
Amounts receivable within one year:		
Finance lease receivables	20,518	22,683
Hire purchase receivables	23,483	14,261
Trade debtors	15,450	8,367
Amounts owed by group undertakings	17,781	18,094
Prepayments and accrued income	3,693	2,465
Group relief receivable	-	4,176
	80,925	70,046
Amounts receivable after one year:		
Finance lease receivables	19,626	20,282
Hire purchase receivables	46,526	29,440
	147,077	119,768

The cost of assets purchased for leasing under finance and hire purchase agreements amounted to £25,961,000 (1993 - £33,652,000) and £54,172,000 (1993 - £32,377,000) respectively.

Total gross rentals receivable under finance leases and hire purchase agreements during the year amounted to £41,926,000 (1993 - £31,765,000).

**11 CREDITORS**

	1994 £'000	1993 £'000
Amounts falling due within one year:		
Trade creditors	4,049	10,802
Amounts owed to group undertakings	294,786	236,259
Other creditors including taxation and social security	5,894	5,007
	304,729	252,068
Amounts falling due after more than one year:		
Amounts owed to group undertakings	10,500	9,000

## DIAL CONTRACTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)

#### 12 ACCRUALS AND DEFERRED INCOME

	1994 £'000	1993 £'000
Deferred maintenance income	7,287	7,063
Rentals receivable in advance	19,584	15,724
Other accruals	8,285	7,551
	<u>35,156</u>	<u>30,338</u>

#### 13 SHARE CAPITAL AND RESERVES

	Share Capital £000	Share Premium £000	Profit & Loss Account £000
At 1 January 1994	222	4,403	19,801
Movement for the year	-	-	6,882
At 31 December 1994	<u>222</u>	<u>4,403</u>	<u>26,683</u>

#### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £'000	1993 £'000
Profit for the financial year	6,882	10,733
Opening shareholders' funds	24,426	13,693
Closing shareholders' funds	<u>31,308</u>	<u>24,426</u>

All shareholders' funds are attributable to equity interests.

#### 15 CAPITAL COMMITMENTS

	1994 £'000	1993 £'000
Motor vehicles for future hire under operating and finance leases ordered but not delivered	7,129	7,273

## DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1994  
(CONTINUED)

## 16 COMMITMENTS

At 31 December 1994 the company had annual commitments under operating leases as follows:

	Leasehold Property	
	1994	1993
	£'000	£'000
Expiring in over five years	685	685

## 17 PENSIONS

The company operates a non-contributory pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recently completed valuation was at 1 June 1993.

The principal actuarial assumptions adopted at the last valuation were that, over the long term, the average rate of interest credited to the scheme would be 1.5% higher than the annual increase in total pensionable remuneration. The actuarial value of the scheme at the date of valuation was £3.6 million and the actuarial valuation was sufficient to cover 98.5% of the benefits that had accrued to members, after allowing for expected future increase in earnings. The employer's contribution rate has been increased in accordance with actuarial recommendations.

The company has become a participating employer under the Barclays Mercantile Pension and Life Assurance scheme and with effect from 1 June 1994 eligible employees of the company have been offered membership of that scheme which is a contributory money purchase scheme.

The pension charge for the period was £535,000 (1993 - £418,000).

## 18 ULTIMATE PARENT COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Secretary, 54 Lombard Street, London EC3P 3AH.